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Tenth session

SUMMARY RECORD OF THE 7th MEETING

Held at the Vienna International Centre, Vienna,
on Thursday, 5 November 1992, at 10 a.m.

President: Mr. BALAZS (Hungary)

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The meeting was called to order at 10.25 a.m.

PREPARATORY ARRANGEMENTS FOR THE FIFTH SESSION OF THE GENERAL CONFERENCE (IDB.10/19, IDB.10/31)

1. The PRESIDENT called the Board's attention to the report by the Director-General (IDB.10/31), concerning the agreement with the Government of Cameroon on the venue of the fifth session of the General Conference and to a note by the Secretariat (IDB.10/19) concerning the preparation of the provisional agenda of the fifth session of the General Conference.

Mr. ALEXANDRENNE (Deputy Director-General, Department of External Relations, Public Information, Language and Documentation Services) reminded the Board that the fourth General Conference had decided that the fifth session would take place from 6 to 10 December 1993.

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Having received an invitation from the Government of Cameroon to hold the fifth session at Yaoundé, it had requested the Director-General to enter into consultations with that Government with a view to making the appropriate arrangements and to report thereon to the Board at its tenth session. The Board had already, at its ninth session, held a preliminary discussion on the matter, to enable the Government of Cameroon to consider the financial implications of its undertaking when drawing up its budget for 1992/93. On 2 November 1992 the Director-General had signed the necessary agreement with the Government of Cameroon.

3. Under Article 9 (4) of the Constitution, it was for the Board to prepare the provisional agenda of the General Conference. A list of items to be considered for inclusion in the provisional agenda appeared in annex I to document IDB.10/19. In resolution GC.4/Res.26, on streamlining the work of the policy-making organs, the Conference had recommended the Board to set up the agenda of the fifth session of the Conference to correspond to the five medium-term priority problem areas, the three thematic programmes and the regional dimension, taking into account the policy directives by major categories of programme instruments. In the light of that recommendation, the Secretariat was proposing, in annex II to document IDB.10/19, a possible grouping of some of the items following the main themes of the current medium-term plan.

4. Mr. MPANA (Cameroon) read out a message from Mr. Jean Melaga, the Permanent Representative of the Republic of Cameroon to UNIDO, who was unfortunately unable to attend the Board's session in person. The Government and people of Cameroon welcomed the opportunity to act as hosts to the fifth session of the General Conference at Yaoundé and were confident of their ability to fulfil the demands placed on them. They were grateful for the offers of assistance they had received from other States. The Director-General had shown

great understanding and patience in negotiating the necessary agreement, which had been somewhat delayed by events associated with the ongoing process of democratization in Cameroon. By a happy coincidence, the signing of the agreement at Vienna on 2 November had been followed, the next day, by the swearing-in of President Biya for a further term of office, following the presidential election held on 11 October. His re-election, and the stability which came with it, were evidence that the country had passed its credibility test as a democracy. A calm and pleasant stay was guaranteed to delegations which made the journey to Yaoundé.

5. He hoped the Board would make room on the agenda of the Conference for a general debate on wider issues, so as to enable the Conference to provide a response to the challenges facing UNIDO.

6. Mr. MACHIN (United Kingdom), speaking on behalf of the European Community and its member States, said that the Community had repeatedly voiced its concern in UNIDO's policy-making organs about the size of their agendas, which deprived their members of the opportunity to discuss important topics adequately. That situation had been compounded by the excess of indigestible documents placed before the organs concerned. The work of the bodies which drafted their decisions was therefore reduced to the editing of a large number of texts, many of which seemed to bear little relevance to the Organization's capacities.

7. With that in mind, the General Conference, at its fourth session, had adopted a resolution aimed at streamlining the work of the policy-making organs (GC.4/Res.26). In paragraph 2 of the resolution the Board had been recommended to prepare an agenda for the fifth session of the Conference which embraced certain problem areas, thematic programmes and regional dimensions, with the aim that the outcome of the session should be a single text dealing comprehensively with those various elements.

8. The tentative provisional agenda proposed by the Secretariat in annex II to document IDB.10/19 met that recommendation, although the Community and its members would have preferred it to be even shorter. They wished to propose that item B (e), "Environment and energy", should be expanded to read "Environment, energy and sustainable industrial development, including the follow-up to the United Nations Conference on Environment and Development", in order to reflect UNIDO's role in the field in question. Subject to that modification and to review of the tentative provisional agenda by the Board, if required, at its eleventh session, they could approve the proposal in annex II to document IDB.10/19. That agenda would permit detailed discussion of policy development in plenary meetings and greatly reduce the number of resolutions to be discussed in main committee meetings, as well as the number and volume of reports to be prepared by the Secretariat, much of whose output went unread. There was no need for each agenda item to give rise to a separate report or to a separate agenda item at a subsequent session of a policy-making organ.

9. Mr. SZABO (Hungary) said that holding the fifth General Conference in Cameroon should contribute to better understanding among the Member States of the Organization. The agenda

should include a special item on the evaluation of the Programme for the Second Industrial Development Decade for Africa, and its future development. Among the items listed in annex II to document IDB.10/19, there were some of lesser importance which could be excluded. Under item 10, "The regional dimension", special emphasis should be placed on the Second Industrial Development Decade for Africa and on the industrialization of the least developed countries. Under item 11, "Policy directives", the question of the external debt could be excluded. Under item 13 (Programme support), matters of lesser importance which could be excluded were the United Nations Joint Staff Pension Fund, women in the Secretariat, and the computerization programme.

10. Mr. VETTOVAGLIA (Switzerland) said it was regrettable that the manner of operation of the policy-making organs prevented UNIDO from dealing with the really important problems. His delegation's aim in proposing resolution GC.4/Res.26 had been to reduce the Conference agenda to a reasonable length. The list of items to be considered for inclusion in the provisional agenda, set out in annex I to document IDB.10/19, was a daunting one, and he agreed with the representative of the United Kingdom and the other member States of the European Community that if too many resolutions were submitted to the General Conference it would not be able to do its work properly. He therefore congratulated the Secretariat on its excellent work in grouping items for the provisional agenda, the result of which appeared in annex II to document IDB.10/19. Such an agenda would offer, at last, an opportunity to focus on the Organization's priorities. According to resolution GC.4/Res.26, the outcome of the deliberations of the fifth General Conference should take the form of a single text rather than a series of separate resolutions. By focusing on priorities at Yaoundé, the fifth General Conference could produce an African equivalent of the Lima Declaration.

11. Mr. HELLER (Mexico) emphasized the significance of the decision to hold the fifth General Conference in an African country. It would be an excellent opportunity to consider the situation of the African least developed countries and plans for their industrial development. It would also be a historic opportunity to reflect on the future of the Organization and define a strategy, with appropriate financial mechanisms, in the light of the new international economic situation. He welcomed the work done by the Secretariat, in annex II to IDB.10/19, to focus on the essential aspects of the Organization's work. At the Conference itself, mechanisms would have to be set up to tackle substantive matters and to deal with certain issues, especially the structure of UNIDO, on a priority basis. Those questions should be taken up by the main committee of the Conference, other agenda items being entrusted to working groups.

12. Mr. WOTAVA (Austria) was grateful to Cameroon for its willingness to act as host to the fifth General Conference, the first time an African country had done so. He shared the concern expressed by previous speakers at the voluminous provisional agenda for the Conference. However, any criticism should be addressed to Member States rather than the Organization, since it was the

Member States which were responsible for over-burdening the agenda. He commended the Secretariat on its work in grouping items on the basis of resolution GC.4/Res.26 and expressed the hope that annex II to IDB.10/19 would form the basis of the Conference agenda.

13. Mr. MA'AJI (Nigeria), welcoming the Board's decision to hold the fifth General Conference in Yaounde, offered his country's assistance to the Government and people of Cameroon in their preparations. It was a matter of pride for Nigeria, and for the whole of the continent, that a conference of such importance was to be held in an African country.

14. Mr. ALEXANDRENNE (Deputy Director-General, Department of External Relations, Public Information, Language and Documentation Services), replying to the points raised in the debate, said that the Secretariat had endeavoured to comply with the Board's guidelines when drawing up the provisional agenda and would take due account of the observations made by members. Its task would be made easier if the amount of documentation was cut back and the focus placed on priority topics vital to UNIDO's future. In annex II to IDB.10/19, the grouping of items relating to the regional dimension gave due emphasis, as requested by the representative of Hungary, to the Second Industrial Development Decade for Africa and the industrialization of the least developed countries. The fourth General Conference had laid special stress on the latter topic and had adopted a plan of action, which was now being implemented. As pointed out by the representatives of Switzerland and the United Kingdom, there was a need to focus the debate on certain policy aspects of the Organization, and its priorities. A Yaounde declaration, on the lines of the 1975 Lima Declaration, would indeed be a welcome outcome.

HEADQUARTERS AGREEMENT BETWEEN UNIDO AND THE REPUBLIC OF AUSTRIA (IDB.10/23)

15. Mr. WARNER (Deputy Director-General, Department of Administration) said that the Director-General's report (IDB.10/23) covered the period between 26 September 1991 and 7 September 1992. In August 1992 the legal advisers of the Austrian Foreign Ministry and of UNIDO had met to exchange views on the form in which negotiations should be conducted on the draft definitive headquarters agreement proposed by UNIDO in November 1991. In October 1992 the Legal Adviser of the Austrian Foreign Ministry had transmitted to UNIDO's legal adviser written comments on certain articles in UNIDO's proposal. The comments were mostly technical in nature and would be analysed by UNIDO's legal service. The Secretariat believed that the level of privileges and immunities to be granted to UNIDO should not be inferior to that enjoyed by the International Atomic Energy Agency (IAEA) or by the United Nations Office at Vienna (UNOV) and that the Convention on the Privileges and Immunities of the United Nations should be carefully respected. The Convention was applicable to UNIDO in Austria by virtue of the ratification by Austria of the Constitution of UNIDO. It was expected that UNIDO, like IAEA and UNOV, would continue to be provided with additional privileges that would facilitate its functioning in Austria.

16. Mr. MAS (Costa Rica) said his delegation wished to thank the Government and people of Austria for their generous hospitality in providing headquarters accommodation for the Organization.

ADMINISTRATIVE MATTERS:

(a) JOINT INSPECTION UNIT (IDB.10/22)

(b) INTERNATIONAL CIVIL SERVICE COMMISSION (IDB.10/28, IDB.10/33, IDB.10/36)

17. Mr. WARNER (Deputy Director-General, Department of Administration) said that both document IDB.10/22 and document IDB.10/28 dealt with matters of relevance not just to UNIDO, but to the whole of the United Nations common system, which comprised the United Nations Secretariat and the specialized agencies.

18. With reference to document IDB.10/22, he explained that "grade overlap" referred primarily to the phenomenon of salary overlap between the General Service and Professional categories. The cause of that overlap lay in the different methodologies used to set and adjust the levels of remuneration of the two categories. Professional salaries were established on the basis of the Noblemaire principle, under which United Nations salaries were compared to those of the United States Civil Service, whereas General Service salaries were established on the basis of the Flemming principle, which compared United Nations salaries with those prevailing locally at the duty station. Unless ways were found of establishing a remuneration package for Professional staff, that overlap would persist.

19. An important observation made in the report was that the incidence of salary overlap did not exist in the majority of duty stations around the world, where there was a substantial gap between General Service and Professional salary scales. The overlap was primarily confined to headquarters duty stations.

20. Concerning post classification, the report gave an excellent review of the classification process used in the United Nations common system, together with guidance as to where and how improvements could be achieved. The report would be a useful guide to classification projects in the future, in view of the need to ensure that jobs of equivalent value were graded at the same level and were made competitive, in terms of remuneration, with comparable jobs in the comparator country as well as in the labour market generally. Since classification was recognized as one of the key elements of any human resource management system, further studies should be carried out - possibly by ICSC - with a view to finding long-term solutions to the problem of how to recognize merit and performance. The Organization was continuing its efforts to strengthen relationships with multilateral financial institutions.

21. Document IDB.10/28 brought to the Board's attention those decisions made by the United Nations General Assembly on the recommendation of ICSC that had to be implemented by organizations of the common system, including UNIDO, in accordance with staff regulation 13.3.

22. He wished to highlight the emphasis placed by several organizations of the common system on the important role that Member States could play in identifying and putting forward women candidates, particularly in specialized technical disciplines. As indicated in paragraph 14 of document IDB.10/28, a progress report on the status of women in the UNIDO Secretariat would be submitted to the Board at its eleventh session.

23. The same document provided information on developments in the common system regarding pension arrangements for ungraded officials. It would be possible to consider arrangements for officials who had not been participants in the United Nations Pension Fund prior to their appointment bearing in mind the fact that they were elected to office. There would seem to be justification for some flexibility, allowing executive heads who had not been participants in the Pension Fund prior to election to make arrangements outside the Fund, subject to endorsement by the legislative organ which determined their conditions of service. The Board's endorsement of the new paragraph (c) of article 54 of the Pension Fund Regulations would facilitate such flexibility.

24. In conclusion, he pointed out the statement contained in document IDB.10/36 represented the views of the UNIDO Staff Council.

25. The PRESIDENT, noting that there were no comments on the two documents just introduced, reminded delegates that in resolution IDB.1/Res.1 the Board had decided that, if considered desirable, a single recognized representative of the staff of the Secretariat might be invited to make an oral presentation to the Board to introduce a document submitted by the staff and already distributed. That resolution had been confirmed by the General Conference in resolution GC.4/Res.29. In accordance with past practice, he would therefore give the floor to the representative of the UNIDO Staff Union to introduce document IDB.10/36.

26. Ms. LAVNICK-WAINSTEAD (UNIDO Staff Union), said that plain speaking was now very much the order of the day in the United Nations system, and that the staff had accordingly expressed their views frankly to the Board in document IDB.10/36. They were grateful that some of the points they had raised had received a positive response from Board members, and notably from the representative of one of the major contributors to UNIDO. It had also been gratifying to follow the previous day's discussion, during the informal consultations, on a specific proposal to alleviate UNIDO's financial problems at the expense of the career development of staff. The understanding shown by the majority of speakers of the procedure whereby deserving staff were only promoted if they took up posts classified at a higher level had indeed been reassuring. Member States would be aware that opportunities to move to higher posts with increased responsibility could only increase motivation, and encourage staff to pull together in order to put the Organization back on the right road. Staff who had chosen to work for UNIDO, and who often found themselves cut off from family and social ties in their own countries as a result, felt strong attachment and loyalty to the Organization. They regarded its failures as their own failures, and its successes as their own successes.

27. It was in that light that the staff wished to ask Board members to give their attention to the comments and suggestions made in document IDB.10/36. The rumours of staff reductions gave grounds for particular concern. The Union believed that the total lack of staff consultations on the matter, as well as the absence of a properly conceived master plan, was a serious error on the part of the management, which had led to feelings of demoralization, and even bitterness. The Union would have welcomed the establishment of a staff/management body to advise on contract extensions or reassignments, and would also have welcomed consultations on the career impact of such reassignments. The Staff Council had suggested several alternatives to reductions, including the retraining of existing staff to fill vacant posts.

28. The ICSC recommendations on General Service salaries had been highly unwelcome, and UNIDO would do well to re-examine that issue at an appropriate time.

29. Staff were naturally anxious about their immediate future following the departure of the Director-General early the following year. There was an urgent need to agree on a new management structure for UNIDO, since the present climate of indecision was crippling the Organization. While the Union was aware that political considerations played a part in the appointment of executive heads of specialized agencies, it would like to hope that the new Director-General of UNIDO would be chosen for his or her superior leadership, competence, integrity, dedication and vision.

MATTERS RELATED TO INTERGOVERNMENTAL, NON-GOVERNMENTAL, GOVERNMENTAL AND OTHER ORGANIZATIONS (IDB.10/13, IDB.10/16 and Add.1)

30. The PRESIDENT, pointing out that the Board had before it documents IDB.10/13 and IDB.10/16 and Add.1, providing information on four non-governmental organizations that had applied for consultative status with UNIDO and on three intergovernmental organizations that had expressed the wish to enter into appropriate relationship agreements, said he had reviewed those applications with his Bureau colleagues and, in agreement with them, was recommending two draft decisions to the Board for adoption.

31. The first would bear the title "Intergovernmental organizations not in the United Nations system", and would read:

"The Industrial Development Board,

"(a) Takes note of the information provided in document IDB.10/16 and Add.1;

"(b) Authorizes the Director-General, in accordance with Article 19.1 (a) of the Constitution of UNIDO and the Guidelines for the relationship of UNIDO with intergovernmental, governmental, non-governmental and other organizations (decision GC.1/Dec.41, annex, para. 9) and based on the information contained in the annexes to document IDB.10/16 and Add.1, to conclude appropriate relationship agreements with the following three intergovernmental organizations:

Asian-African Legal Consultative Committee (AALCC)

Cooperation Council for the Arab States of the Gulf (GCC)

Development Bank of the Great Lakes States (BDEGL)."

32. The draft decision was adopted.

33. The PRESIDENT said that the second draft decision would bear the title "Applications from non-governmental organizations for consultative status", and would read:

"The Industrial Development Board,

"(a) Takes note of the information provided in document IDB.10/13;

"(b) Decides, in accordance with Article 19.1 (b) of the Constitution of UNIDO and the Guidelines for the relationship of UNIDO with intergovernmental, governmental, non-governmental and other organizations (decision GC.1/Dec.41, annex, para. 17), to grant consultative status with UNIDO to the following four international non-governmental organizations:

International Academy of Technological Sciences

International Statistical Institute (ISI)

Pan African Union of Science and Technology (PUST)

Professors' Association of Metrologists (PAM)."

34. The draft decision was adopted.

35. Mr. NJENGA (Asian-African Legal Consultative Committee) thanked the Board for giving its approval to the Agreement between UNIDO and AALCC envisaging cooperation in promoting the legal modalities to facilitate industrialization of the third world, an essential ingredient of a new international economic order.

36. The Second General Conference of UNIDO, held at Lima in 1975, had emphasized the strategic role of industry in overall economic development and set a target whereby the developing countries were to account for at least a quarter of total world manufacturing output by the year 2000. The Lima target had come at a time when manufacturing output in the developing countries had been growing at an average annual rate of over 7 per cent since 1963 and accounted for about 10 per cent of the world total. In that context, the target had seemed a reasonable one. Since then, however, the global political and economic situation had undergone drastic change, marked by a decline in the manufacturing output of most developing countries, and even by de-industrialization in certain parts of the third world. From that standpoint, the Lima target might indeed look far from attainable.

37. The prevailing gloom and uncertainty should not, however, be allowed to obscure the modest nature of the Lima target. Instead, concerted action was needed to evolve strategies and policies for tackling the central problem of how a reasonably high and steady pace of industrialization could be maintained in the developing world towards that goal. At the same time, care should be taken to ensure that the current emphasis on sustainable development, environmentally acceptable technologies and

pollution prevention standards did not deflect those efforts.

38. Founded in November 1956 as a direct outcome of the historic Bandung Conference in order to provide an advisory body of legal experts for its member Governments, AALCC had since grown into a major international organization in the field of law and economic relations, comprising 42 African and Asian Governments. Initially, its mandate had been to examine traditional international law, mainly developed by the West, but its activities had since been expanded in line with the requirements of its growing membership and with its broader purpose as a forum for Asian-African cooperation. That trend had been particularly discernible in economic relations and trade law.

39. Since 1980, AALCC had been developing a legal framework for regional cooperation among its member States in the field of industry. Two Ministerial Meetings held in Kuala Lumpur (1980) and Istanbul (1981) and three Expert Group meetings convened on that topic had produced three model bilateral agreements on the promotion and protection of investment and a Legal Guide for Industrial Joint Ventures in the Afro-Asian Region. Both projects aimed at encouraging investment in the form of capital, technology and know-how in the Afro-Asian region. In the same context, AALCC was now preparing a guide on legal aspects of privatization of public sector undertakings, in the light of recent thinking that the State should desist from direct involvement in most economic activities.

40. Another important initiative of AALCC in the economic field was its Integrated Scheme for the Settlement of Disputes in Economic and Commercial Matters, adopted in 1978 with a view to creating stability and confidence in economic transactions within the Afro-Asian region. It envisaged a network of Regional Centres for Arbitration on a non-profit basis in different parts of Asia and Africa as a viable alternative to the traditional arbitral institutions of the West. The AALCC Regional Arbitration Centres in Cairo and Kuala Lumpur were now fully operational and were hearing international cases. In October 1992, the Cairo Centre had established a branch office in Alexandria to handle maritime cases. Those Regional Centres might be said to have met the concern voiced at the Third General Conference of UNIDO about the lack of arbitral institutions and facilities in the developing countries competent to handle disputes arising from international industrial contracts.

41. AALCC had also formulated two standard contract forms (one based on FOB and the other on FAS terms) for international sales transactions in commodities normally exported from the Afro-Asian region (agricultural produce and minerals), with a view to replacing the standard terms and conditions of sale drawn up by the trading institutions in the West, which were suited to the needs of a colonial economy. Those terms and conditions penalized exporters in the developing countries and needed to be reviewed since primary commodities constituted the bulk of exports from Asia and Africa. AALCC had also developed another contract form based on CIF (maritime) terms applicable to international sales transactions for durable consumer goods and light machinery in view of the fact that the more developed among the developing countries had begun manufacturing and exporting such items.

42. Today's world was witnessing dramatic political and economic changes, with deregulation

and liberalization of national economies now the catchword in over a hundred countries around the globe. Since those developments were likely to entail substantial changes in national laws and regulations in the economic field, AALCC had recently set up a computerized Data Collection Unit as an integral part of its secretariat to serve as a storehouse of information on the

economic laws and regulations of member States.

43. In conclusion, he expressed his fervent hope that the common endeavours of UNIDO and AALCC, as contemplated in their cooperation agreement, would advance their respective aims in the overall interest of the developing nations.

The meeting rose at 11.40 a.m.